



Committee on Finance and the Northampton City Council

Councilor David A. Murphy, Chair

Councilor Maureen T. Carney

Councilor Marianne L. LaBarge

(Vacant)

**City Council Chambers, 212 Main Street
Wallace J. Puchalski Municipal Building
Northampton, MA**

Meeting Date: October 6, 2016

1. **Meeting Called To Order:** At 8:22 p.m. Councilor Murphy called the meeting to order.

2. **Roll Call:**

On a roll call the following councilors were present: Councilors Murphy, LaBarge and Carney (one seat is vacant). Also present were Councilors Dwight, O'Donnell, Sciarra, and Bidwell. No other City Councilors were present.

3. **Approve Minutes Of September 15, 2016**

Councilor LaBarge moved to approve the minutes of September 15, 2016; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

4. **Financial Orders**

16.148 An Order To Approve The FY2017 Residential Factor & Tax Levy Percentages

Councilor LaBarge moved to return the order back to City Council with a positive recommendation; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

Councilor LaBarge noted that the Assessor mentioned that commercial properties could see a split tax rate. She noted that the Assessor also suggested that this was not a good idea because of the properties values being high on Main Street as well as the cost of

rent being very high. She wondered what the difference would be regarding the split between residential and commercial property. Assessor Sarafin noted that the commercial rate would be about \$25 per \$1,000 if you turned as much over to the commercial as you possibly could. She notes that times are not that easy right now, she suggests staying with the same rate. The City has had a factor of one since 1981. Councilor LaBarge notes that businesses are still trying to get back on their feet since the recent recession. Councilor LaBarge agrees that the single tax rate should be maintained.

Councilor Murphy explained that many downtown leases are triple net leases. Because of this, if the rate were split, businesses could see a rent increase. Councilor Dwight noted that business owners have talked about the pressures that they face and it would seem to him that it wouldn't make much sense to recommend a rent-hike. Since 1981 Northampton has realized a stability that other communities have been missing. He recalls that the Assessor has advocated retaining a factor of one and that business owner testimony has been on-point about this. There were a few times when a modification to the factor had been proposed. Because commercial property owners only constitute about 20% of the taxpaying entities, any reduction that is realized for residential property owners is amplified considerably for commercial. Assessor Sarafin notes that Department of Revenue has maintained that once a community makes a shift to split the tax rate, they can never go back. Many communities that did shift are having a hard time going back and raising the residential rates. Councilor Dwight notes that there have been certain perceptions that Northampton is not a very business-friendly city. He notes that the Council has stayed with a factor of one to allow for a robust business environment. He notes that Northampton is unique in this respect from other communities in the valley. Other communities would enjoy a vibrant, thriving downtown. There is a strategy embedded in the policy to maintain a factor of one.

Assessor Sarafin stated that she often meets with assessors from other communities. All the other communities couldn't wait to raise the commercial rate, now they are trying to shift it back and it is nearly impossible. Springfield is trying to raise as much revenue as they can; even if they have new growth, they cannot use that. Since Northampton is way below the levy limit, it can use new growth numbers. Assessor Sarafin notes that with a lower tax rate it will be easy to encourage businesses to come to Northampton. Councilor Dwight notes that the Northampton commercial tax rate is in the lower third of the state while the residential tax rate is about in the middle. Our taxes are moderate in this community.

Councilor LaBarge thanked Assessor Sarafin for helping out residents when they have questions.

Councilor Murphy notes that commercial properties are valued on their cash flow. If you raise their taxes, their value inherently goes down.

Councilor Sciarra explained that just because the City Council has a very robust conversation about the tax levy, it does not mean that the City Council is contemplating changing the rate. The Council is mandated to have the discussion. Assessor Sarafin agreed that this was the law; at the next meeting she will have a paper for the Councilors to sign indicating that such a discussion took place with the Council.

16.168 A Financial Order To Authorize Payment Of Prior Year Bills - DPW

Councilor Carney moved to return the order back to City Council with a positive recommendation; Councilor LaBarge seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

Finance Director Susan Wright explained that the bill for Atlantic Broom was to pay for street sweeping supplies that were bought at the end of the fiscal year. The bill did not arrive in time to be paid in the past fiscal year. The bill for Blue Tarp was for a piece of a replacement parts for a pump and there was some confusion about who ordered the part. The invoice originally went to Central Services, but it should have gone to the DPW. Director Wright hopes that this is the last set of prior year bills that the Council will need to be concerned about.

16.169 A Financial Order To Amend Prior Authorization For Borrowing On A River Road Retaining Wall Project

Councilor LaBarge moved to return the order back to City Council with a positive recommendation; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

Mayor Narkewicz explained that the language of the order was specified by bond counsel. Borrowing for the project was previously granted by the City Council. The City has received a grant from FEMA in the amount of \$1.2 million. Because of cost increases for the project, the borrowing authorization must be revised. Initially the actual authorization was for \$375,500. This order asks for an additional authorization for \$415,012. This project needs to be done to repair a crumbling retaining wall. Because of the high hazard, the City was eligible for the FEMA grant. Williamsburg is contributing a little over \$25,000 for the project.

Councilor Carney wondered about the timeline for the project. The grant specifies that the City has until 3/2017 to finish the project. Mayor Narkewicz indicated that the contract is ready to be signed for the work to be completed. Two votes are requested for tonight to be sure the project is started in the near future.

**16.170 A Financial Order To Accept A Donation From The Florence Mercantile
Totaling \$2,350 For The Completion Of The Trinity Park Fountain Project**

Councilor LaBarge moved to return the order back to City Council with a positive recommendation; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

The Florence Mercantile Association donated some funds for the initial renovation of the Trinity Park fountain. The Mayor recently had a site visit with representatives of Florence Civic and Business Association, FMA, and the DPW Director. Several aspects of the park were reviewed and a discussion took place about additional work that was needed for the fountain. The FMA wants to contribute the additional money to see that the additional work is completed. Two readings are requested; the hope is that the concrete work will be completed before the weather turns too cold. The additional work will add height to the fountain.

**16.176 A Financial Order To Authorize Budgetary Transfers To Be Made For Wage
Adjustments In The Fire Department**

Councilor LaBarge moved to return the order back to City Council with a positive recommendation; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

The order will effectuate contract negotiations.

5. New Business - None

6. Adjourn:

At 8:45 p.m. Councilor LaBarge moved to adjourn the meeting; Councilor Carney seconded the motion. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Vacant.

Prepared by:

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